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Supply chains have shifted away from China since pandemic lockdown, new research confirms

Supply chains to the U.S. have shifted away from China since lockdowns caused by the Covid-19 pandemic, new research confirms.

An expansive study by the Boston Consulting Group (BCG) forecasts an up to \$200 billion drop in the U.S.-China trade corridor by 2023, compared to 2019 levels. More than 50 experts were interviewed to provide evidence for the report.

Nations including Turkey, Vietnam, Mexico, Taiwan and Poland are best placed to take up the slack as global trade returns to growth following the pandemic.

[The report](#), commissioned by the Turkey-U.S. Business Council (TAİK), builds on research conducted last year on the best ways to increase bilateral trade to \$100 billion.

The BCG says while traditional industries remain vitally important, the countries which will capitalize most will be those which lean into 21st Century trends.

Its report recommends Turkish industry focuses on new industries such as renewable energy, electric vehicles, smart cities and household devices as part of the ‘internet of things’. To support this shift, the report recommends TAİK create three new taskforces to lead the charge toward higher exports in three broad areas: digital, electronics and joint projects in Africa. TAİK has said additional taskforces will be announced in the weeks ahead, and already has teams working on LNG and agriculture.

TAİK chairman Mehmet Ali Yacindag said: “This report confirms what many in the business world have suspected during 2020. Global supply chains are shifting and the nature of industry is changing.

“At TAİK we are determined to do everything we can to support and enable commercial deals between our member companies. Our U.S. state committees and Turkish-based members believe this is the best way of promoting growth, supporting jobs and boosting trade.

“Our taskforces will urgently explore the sectors that are ripe for growth to build new partnerships. This report spells out bold moves Turkey can take to secure a stake in future industries like renewables and electric cars. It’s an exciting prospect laid out for our private sector – to play an integral role as the world builds back better.

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“As well as supporting new business agreements, TAİK is looking forward to working with the incoming Biden Administration to continue the proud history of U.S.-Turkish business ties.”

Today’s report cites evidence from brands such as Coca Cola and Apple to make its case about supply chain changes. Lockdowns escalated challenges around supply levels and raised uncertainty around future shocks. Interviews with scores of business leaders also revealed existing issues relating to China had been thrown into sharp relief by the current crisis.

Mahmut Unlu, Chairman of TAİK’s New York State Committee, said: “This report signposts the way to future opportunities that build on the decades of work to create commerce and trade ties between the U.S. and Turkey.”

“Today hundreds of thousands of Turkish-Americans support jobs and fuel economic growth in both of our countries. Clearly there is more ahead.”

Head of TAİK’s Africa taskforce Burak Talu said: “Turkish construction companies have deep expertise in Africa as contractors and investors and we are keen to build ties with private sector partners in America. Joint ventures in these projects are a win-win.”

Nail Olpak, the President of Turkey’s Foreign Economic Relations Board (DEİK), said: “Global trade was altered by the events of 2020 and the pandemic. Turkish businesses all over the world stand ready to support the economic recovery and this report shows the way forward.”

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Notes to editors

- The Boston Consulting Group report, finalised in October 2020, can be downloaded [here](#).
- The Turkey-U.S. Business Council (TAİK) is Turkey’s oldest business council. Established in 1985, TAİK’s mission is to enhance trade and investment relations between Turkey and the United States. TAİK operates under the umbrella of the Foreign Economic Relations Board of Turkey (DEİK).
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